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CENTRAL INTELLIGENCE AGENCY

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SOURCE Nan-fang Jih-pao.

COMMODITY CIRCULATION INCREASES  
IN SOUTH AND CENTRAL CHINA

Hankow, 20 May (Hsin-hua) -- The various national monopoly corporations in the Central and South China Regional District have approved a plan to:

- (1) buy up agricultural products and by-products; (2) circulate industrial products and people's currency, exclusively, throughout the rural areas;
- (3) stimulate the flow of goods and materials between city and country; and
- (4) enlarge industrial and agricultural production.

Since commodity prices began to fall in the various districts, toward the middle of March 1950, goods which had been frozen during the period of currency inflation appeared in quantity and were dumped onto the competitive market. This created a surplus of goods, but a dearth of buyers, in the large metropolitan markets and in the smaller markets along the coastal transport routes.

In the major agricultural towns, the market was still controlled by the silver yuan. Nationally operated trade agencies were not yet firmly established. Commodity prices fell more slowly than in the larger markets. The farmers could not market any of their local products or by-products and it then became impossible to exchange the essential materials of production and livelihood. This disjointed condition greatly affected production in agriculture and industry, and added to the difficulties in the commercial market.

Faced with this situation, in mid-April, the various national monopolistic corporations in the Central and South China Regional District began to buy up all kinds of agricultural products and by-products and to push the circulation of People's Currency and industrial products through the rural areas. By 12 May 1950, the Central and South China Cotton Yarn Corporation had purchased as much as 59,700 piculs of raw cotton through its local subsidiaries and purchase warehouses. Between 1 and 13 May 1950, the Central and South China Fats and Oils Corporation had bought more than 21,000 piculs of tung oil, 2,280 piculs of vegetable oil, and 600 piculs of sesame-seed oil.

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Since the central and subsidiary offices of the Central and South China Local Products Corporation have been formally established, they have begun to distribute large amounts of capital and to buy up various local products, wood, and bamboo wares, and handicraft products. In addition, the Central and South China Hog Bristle Corporation and the Central and South China Egg Products Corporation have enlarged their purchase program.

To assure equal distribution, the various nationally operated corporations dealing in food, salt, sundries, etc., have approved the plan of sending out small commercial units (hsiao-tsu) to develop retail trade and branch marketing. In this way, large quantities of everyday commodities have been circulated among the rural areas. The Central and South China Tea Corporation has combined the purchase of tea leaves with the transport of industrial products and food to supply the farm people.

These operations have already begun to achieve great results. The nationally operated Ch'ang-sha Branch Salt Corporation exceeded its original marketing quota in April by 38 percent, as a result of having enlarged the market in the farming villages. The Central and South China Cotton Yarn Corporation raised the cotton-rice ratio from 1-5 to 1-8, to the benefit of the cotton farmer, and fulfilled the raw-cotton demands of its No 1 yarn plant in Wu-han. As a result of this increased activity in urban and rural markets, yarn sales rose from 1,470 bales, for the whole of April, to more than 6,300 bales for the first 12 days of May.

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